

Message Text

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15

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 INT-08 RSR-01

EUR-25 STR-08 IO-12 /201 W
----- 097447

R 032158 Z APR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3910

UNCLAS SANTIAGO 1391

E. O. 11652: N/ A

TAGS: CI, US, PFOR

SUBJECT: FURTHER CHILEAN REFLECTIONS ON WASHINGTON TALKS

REF: SANTIAGO 1351 AND PREVIOUS

1. SUMMARY. " BREAKDOWN" OF CHILE- US TALKS CONTINUES
PRIME SUBJECT FOR MEDIA COMMENT. END SUMMARY.

2. IN EL SIGLO INTERVIEW APR 1, AMB LETELIER STATED, IN PART:
"... WE HAVE SHOWN WILLINGNESS TO EXAMINE PROBLEMS WITH
MUTUAL RESPECT AND ON EQUAL FOOTING. WE HAVE CLARIFIED THAT
COPPER NATIONALIZATION IS NOT MATTER SUBJECT TO DISCUSSION. WE
ARE NOT AFRAID OF PRESENTING (OUR POSITION) TO ANYONE AND WE
CAN UNDERTAKE A PUBLIC CONVERSATION ABOUT IT ANYWHERE, SINCE
WE KNOW WE HAVE ACTED LEGALLY."

3. MARCH 31 ULTIMA HORA (SOCIALIST) CARRIED FULL- PAGE OSVALDO
RIVERA COMMENTARY DUPLICATING MANY INTERPRETATIONS OFFERED
EARLIER IN CHILE HOY (SANTIAGO 1334). SOME DIVERGENCIES AND
NUANCES: CHILEAN DELEGATION WAS NOT SURPRISED BY US'
" OUTRIGHT REJECTION" OF 1914 TREATY FORMULA. US HAD DECIDED IT
CANNOT AFFORD WAIT OUT AN " ARBITRATION" MECHANISM WHICH WOULD
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HAVE GIVEN CHILE YEAR TO YEAR AND ONE- HALF BEFORE " FINAL CONFRONTATION." USG STRONGLY INFLUENCED BY FEAR ALLENDE DOCTRINE (RETROACTIVE EXCESS PROFITS DEDUCTIONS) WILL SPREAD IF NOT NIPPED IN BUD. AGGRESSION AGAINST CHILE WILL STEP UP, BUT CHILE HOLDS SOME STRONG CARDS: (A) THREAT OF DEBT REPUDIATION IF CREDITORS PROVE UNREASONABLE; AND (B) DISUNITY OF " CAPITALIST" BLOC. FRANCE, FOR INSTANCE, IS IMPORTANT " ALLY." " RELATIONS WITH US ARE THE KEY TO CURRENT POLITICAL MOMENT, AND FINDING TACTIC TO MEET THESE THREATS IS UP' S MOST URGENT TASK..."

4. PRO- GOVT COMMENTATOR JUAN GANA, ON SOCIALIST- OWNED RADIO PORTALES MAR 30, SAID CHILE AND USG HEADED FOR " DEAD END." US IS NOT " LOSING SLEEP" OVER CHILEAN EVENTS PER SE, BUT CONCERNED PRIMARILY ABOUT PRINCIPLE OF COMPENSATION FOR EXPROPRIATED PROPERTY, WHATEVER THE AMOUNT, LEST CHILEAN PRECEDENT SPREAD. ALLENDE' S BACK IS TO WALL, HOWEVER, SINCE CONSTITUTION LIMITS HIS FREEDOM OF ACTION.

5. PDC' S LA PRENSA APR 1 DESCRIBED TALKS AS " STAGNATED," WITHOUT ASCRIBING BLAME. EDITORIAL FACTUALLY REVIEWED BIDDING ON GOC' S PARIS CLUB AGREEMENT COMMITMENTS AND 1914 TREATY, POINTING OUT FACTORS WORKING AGAINST VIABILITY OF LATTER; I. E. WHETHER GOC " DESIRES OR IS ABLE" TO SUBMIT COMPENSATION QUESTION TO TREATY COMMISSION OR HAGUE COURT; AND THE SLOWNESS OF 1914 TREATY PROCEDURES WHICH RAISES QUESTION OF WHAT HAPPENS MEANWHILE REGARDING URGENT, PENDING FINANCIAL QUESTIONS. LA PRENSA CONCLUDES: " SITUATION IS EXTREMELY DIFFICULT FOR GOVT TEAM, AND WAY OUT REQUIRES CHANGE OF POSTURE WHICH, GIVEN PRESSURE OF EVENTS AND INTERNAL UP CONTRADICTIONS, IS QUITE IMPROBABLE."

6. IN APRIL 2 RADIO- TV COMMENTARY, LUIS HERNANDEZ- PARKER (INDEPENDENT) TERMED WASHINGTON MEETING " TOTAL FAILURE," SUGGESTED ALMEYDA' S MISSION IN WASHINGTON THIS WEEK WOULD BE TO SEEK " SOME UNDERSTANDING."

7. POUCHING TEXTS ARA/ BC.
DAIVS

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